

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MEADE COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION FOR)	
AN INCREASE IN RATES TO FLOW-THROUGH)	CASE NO. 10266
WHOLESALE POWER COST INCREASE)	

O R D E R

IT IS ORDERED that Meade County Rural Electric Cooperative Corporation ("Meade County") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately. The information requested herein is due no later than September 6, 1988. If the information cannot be provided by this date, you should submit a motion for an extension of time stating

the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

Information Request No. 1

1. With reference to the responses filed by Meade County on August 11, 1988, Exhibit 2, page 2 of 9, provide the following information:

a. Indicate whether the KW figures for 1983 through 1987 are actual KW billed or actual KW revised for ratchet calculations. Also explain why a ratchet revision was necessary.

b. Explain why the 1987 load factor of 46.87 percent is considered abnormally high.

c. Indicate whether the 1983 load factor of 47.10 percent is considered abnormally high.

d. Explain why the impact of the ratchet should be an adjustment to the test-year purchased power expense.

e. Explain why a calculation using the 5-year-average load factor should be the method used to adjust for the ratchet.

f. Explain why Meade County proposed this adjustment only to the normalized test year and did not make a similar adjustment when proposing the flow through.

2. With reference to the response filed by Meade County on August 11, 1988, Exhibit 2, page 2 of 9, provide the following information:

a. The actual KW billed to Meade County for the period 1978 through 1987. The information is to be supplied for each of the delivery points to Meade County's system.

b. The actual KW revised by ratchet for Meade County for the period 1978 through 1987. The information is to be supplied for each of the delivery points to Meade County's system. Include any supporting calculations used to compute the ratchet.

c. The KWH Purchased for 1978 through 1982.

d. The load factors for 1978 through 1987 using the actual KW billings. Include all supporting calculations.

e. The load factors for 1978 through 1982 using the actual KW revised by ratchet. Include all supporting calculations.

3. With reference to the response filed by Meade County on August 11, 1988, Exhibit 2, page 3 of 9, provide the dates the National Rural Utilities Cooperative Finance Corporation interest rates of 7.875 percent and 9.0 percent were effective and what the rates were for those loans as of test year end.

4. With reference to the response filed by Meade County on August 11, 1988, Exhibit 2, page 4 of 9, provide a revised depreciation schedule showing the correct information for Account No. 390, Structures and Improvements and Account No. 391, Office Furniture and Equipment.

5. With reference to the response filed by Meade County on August 11, 1988, Exhibit 2, pages 5 and 6 of 9, provide the following information:

a. The actual regular hours worked by each employee during the test year.

b. The actual overtime hours by each employee during the test year.

c. The test year-end wage rate for each employee and date of last increase.

d. The January 24, 1988 wage rate for each employee.

e. A calculation of the percent of increase granted during the test year for each employee.

f. Indicate the amount of overtime wages included in the \$1,455,243.90 payroll used to calculate the adjustment. If the overtime wages were included, explain why the payroll adjustment should include a percentage increase in overtime wages.

g. The calculations used to arrive at the figure of \$1,460,737.19 for total payroll subject to FICA, as shown on page 6.

h. The calculations used to arrive at the Federal Unemployment wages for 1987 of \$344,532.79 and the State Unemployment wages for 1987 of \$392,532.79, as shown on page 6.

6. With reference to the response filed by Meade County on August 11, 1988, Exhibit 2, page 7 of 9, provide the following information:

a. The calculations used to arrive at the total retirement wages for 1987 of \$1,254,247.00 and an explanation of why this figure differs significantly with the figures used in other wage adjustments that are part of the response.

b. Explain what happened to cause a moratorium on the payment to NRECA for retirement benefits. Describe all circumstances as Meade County understands the situation.

c. Describe how Meade County accounted for payments for the NRECA retirement benefit before the moratorium went in effect.

d. Explain how FASB No. 87 has affected Meade County's accounting of retirement benefits.

e. Explain how Meade County is accounting for NRECA retirement benefit payments during the moratorium.

f. Indicate what will happen to retirement payments when the moratorium is ended. Include any estimate of when the moratorium will be ending.

g. Explain how the .062 system retirement rate for 1988 was calculated and if the flat rate of .062 used to compute the yearly retirement amount represents a system average or the actual rate applied to each employee for the retirement calculation.

7. With reference to the response filed by Meade County on August 11, 1988, Exhibit 2, page 8 of 9, provide the following information:

a. The calculations used to arrive at the wages classified as "Inside" and "Outside" for the workers' compensation adjustment.

b. Explain why the total wages shown in this adjustment do not agree with the wages shown in adjustment 4 through 6.

c. Explain which employees are classified as "Inside" and "Outside" and indicate how many Meade County employees are in each category as of test year end.

8. With reference to the response filed by Meade County on August 11, 1988, Exhibit 2, page 9 of 9, provide the following information:

a. Identify the types of mailings included in the 257,455 amount and how many items are included in each type of mailing.

b. The calculations for the number of items mailed for each type of mailing.

c. Identify what correspondence is included in each type of mailing listed.

d. For each type of mailing, indicate how often a mailing is done.

9. Provide an explanation of Meade County's policy on rotation of patronage capital. Include the following areas in the discussion:

a. Use of an equity management plan in determining revenue requirements in this case.

b. Payouts to deceased patrons.

c. Last date of general retirements.

d. Prospective date of future general retirements.

e. The reason special and general retirements have not been made in recent years.

10. Refer to Exhibit C, page 11.

a. Is the Company's own use of purchased power in the amount of \$18,754.23 reflected in the other expenses accounts?

b. Are there any fuel adjustment clause expenses reflected in the adjusted test year of purchased power? Per Exhibit F, page 23, it appears that 30,338.28 has been included.

c. Does the adjusted test year total operating revenue include any revenue from fuel adjustment clause charges?

Done at Frankfort, Kentucky, this 22nd day of August, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Herman, Jr.
For the Commission

ATTEST:

Executive Director